

## Message Text

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21/14

ORIGIN L-03

INFO OCT-01 AF-10 EUR-25 ISO-00 ARA-16 SCEM-02 SCI-06

INT-08 IO-14 JUSE-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 H-03 PA-04 USIA-15

PRS-01 /184 R

DRAFTED BY L/EB:JDMUIR:EG

APPROVED BY EB:MR. ARMSTRONG

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/EUR - MR. SMALL

EUR/CE - MR. FLATIN

B/IFD/OIA - MR. KENNEDY

EB/ORF/FSR - MR. WHITMAN

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R 272358Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY VIENNA

INFO AMEMBASSY TRIPOLI

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E.O. 11652 N/A

TAGS: ENRG, RU

SUBJECT; PURCHASE OF EXPROPRIATED OIL BY AUSTRIA

1. DEPARTMENT IS INFORMED BY ATLANTIC RICHFIELD (ARCO) THAT OIL FROM TERMINALS IN LIBYA SUPPLIED BY FIELDS 51 EXPROPRIATED BY THE GOVERNMENT OF LIBYA IS BEING SHIPPED VIA TRIESTE TO AUSTRIAN STATE-OWNED OIL COMPANY, OSTERREICHISCHE MINERALOELVERWALTUNG A.G. (O.M.V.). ARCO, LIKE OTHER U.S. COMPANIES INSTITUTING LEGAL SUITS IN THE UNITED STATES AND ELSEWHERE, MAINTAINS TITLE TO OIL DERIVING FROM ITS CONCESSIONS IS SUPERIOR TO THAT OF LIMITED OFFICIAL USE

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LIBYA, SINCE EXPROPRIATION WAS IN VIOLATION OF INTER-

NATIONAL LAW. ARCO IS NOT NOW LIFTING.

2. USG POSITION IS THAT EXPROPRIATION OF 51 OF ARCO'S INTERESTS BY LIBYA DID NOT MEET REQUIREMENTS OF INTERNATIONAL LAW BECAUSE OF FAILURE TO PROVIDE PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION, AND UNWILLINGNESS TO ARBITRATE DISPUTES IN ACCORDANCE WITH CONTRACTUAL UNDERTAKINGS TO ARCO. USG HAS SENT DIPLOMATIC NOTES TO LIBYA PROTESTING EXPROPRIATION OF BUNKER-HUNT AND NATIONALIZATION OF 51 OF INTERESTS OF ARCO AND OTHER MAJORS AS "IN VIOLATION OF AND INVALID UNDER INTERNATIONAL LAW."

3. WHILE OUTCOME OF LEGAL DISPUTES CONCERNING TITLE REMAINS UNCERTAIN, USG BELIEVES ALL REASONABLE ACTIONS WHICH MAY IMPEDE MARKETING OF "HOT" OIL ARE USEFUL IN CURBING EXPROPRIATIONS IN VIOLATION OF INTERNATIONAL LAW. ACCORDINGLY, USG HAS MADE DIPLOMATIC REPRESENTATIONS TO BRAZIL, GREECE, ITALY, MALTA, ROMANIA, YUGOSLAVIA AND SWEDEN IN EFFORT TO DISCOURAGE PURCHASE OF OIL FROM VARIOUS EXPROPRIATED FIELDS.

4. SUGGEST YOU INQUIRE FROM GOA WHETHER PURCHASES OF LIBYAN OIL FROM ARCO FIELDS HAVE BEEN MADE BY AUSTRIAN ENTERPRISE. IF CONFIRMED, YOU MIGHT STATE THAT ARCO AND U.S. GOVERNMENT ARE NATURALLY CONCERNED AT PURCHASES OF OIL FROM EXPROPRIATED FIELDS IN ABSENCE OF LIBYA'S COMPLIANCE WITH ITS OBLIGATIONS UNDER INTERNATIONAL LAW.

5. IF GOA SHOULD NOTE THAT, IN SITUATION OF SHORTAGE, IT FEELS DISPOSED TO SECURE WHATEVER OIL IT CAN GET, SUGGEST YOU EXPRESS UNDERSTANDING FOR THIS VIEWPOINT WHILE NOTING THAT LIBYA IS APPARENTLY PURSUING POLICY OF CUTTING BACK PRODUCTION OF FIRMS NOT EXPROPRIATED, SUCH AS OASIS AND OCCIDENTAL, IN ORDER TO PROMOTE SALES OF HOT OIL AT ESPECIALLY HIGH PRICES. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, PETROLEUM, SUPPLIES, INTERNATIONAL LAW  
**Control Number:** n/a  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** worrelsw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Previous Handling Restrictions:** n/a  
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**Review Authority:** worrelsw  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 29 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <29-Aug-2001 by smithrj>; APPROVED <06 MAR 2002 by worrelsw>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** PURCHASE OF EXPROPRIATED OIL BY AUSTRIA  
**TAGS:** ENRG, AU  
**To:** VIENNA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005